



BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

MODIFICATION OF MAIL CLASSIFICATION SCHEDULE
REGARDING REPLY RIDES FREE WEIGHT LIMIT

Docket No. MC2011-27

**COMMENTS OF THE
NATIONAL POSTAL POLICY COUNCIL**
(August 12, 2011)

The National Postal Policy Council¹ urges the Commission to approve the Postal Service's recent proposal to increase the qualifying First-Class letter weight for the "Reply Rides Free" program to two ounces.² The proposed modification is a step towards making the Reply Rides Free ("RRF") program more attractive and useful to business mailers. Although NPPC supports this revision, it regrets that the restrictive eligibility criteria associated with the current RRF program, coupled with the relatively short notice provided of this change, means that the modification is unlikely to have any significant effect on volumes for the remainder of calendar year 2011.

Properly designed, the RRF program could be an innovative means to encourage greater use of First-Class Mail. As originally proposed, however, RRF

¹ The National Postal Policy Council is an association of large business users of letter mail, primarily Bulk First-Class Mail using the Automation rate category, with member companies from the telecommunications, banking and financial services, utilities, insurance, and mail services industries. Composed of 33 of the largest customers of the Postal Service with aggregated mailings of more than 30 billion pieces, NPPC supports a robust postal system as a key to its members' business success and to the health of the economy generally.

² *Notice of the United States Postal Service of Classification Change Related to Reply Rides Free Program* (July 29, 2011).



was limited to 1.2 ounces and was tied to unnecessary restrictions and eligibility restrictions. At that time, NPPC expressed concern that the proposal would be unlikely to achieve the Postal Service's objectives.

Since then, NPPC has worked with the Postal Service to explore ways to improve the program for the mutual benefit of the Service and its customers. Out of those discussions has come the recognition that allowing First-Class Letter mailers to increase the weight of their letters to 2 ounces without incurring additional postage charges would give them many opportunities for innovative uses of the mail in reaching their customers, thereby providing an incentive to keep account mail in the postal system or even generate new volume. Given that the Postal Service handles and processes two-ounce First-Class letters no differently than one-ounce letters, and that both are highly profitable to it, a higher weight ceiling is readily justifiable.

The current proposal is a step in that direction. Unfortunately, because the Postal Service has chosen at this time to limit "second-ounce-free" to the RRF program, the change will likely have little effect because of the eligibility limitations of RRF and the short time remaining in the year. However, NPPC understands that the Postal Service plans to replace RRF with "second-ounce-free" as of January 2012, which would be much more attractive to mailers.

Nonetheless, NPPC is puzzled as to why the Postal Service has not proceeded to implement the second-ounce free concept without RRF limitations in this request. Given the greater likelihood of substantial industry utilization of



“second-ounce-free,” why not make that change now?³ Were the Commission to approve, mailers, now by and large in the midst of budgeting for next year, would have an opportunity to plan for usage in 2012. With a wait until January, most companies will not begin planning now because they will remain uncertain about whether the program will take effect until it is approved by the Commission during review of the capped rate adjustments, which will not happen until later this year. That will likely postpone inclusion of the concept in budgeting until next year’s cycle, with the result that a positive impact would largely not be seen until 2013.

Notwithstanding this self-defeating delay, the Commission should approve the Postal Service’s proposed modification of the Reply Rides Free initiative to raise the weight limit to two ounces as an interim step towards increasing the

³ The Postal Service's reluctance to offer a simple "second-ounce-free" rate at this time may have to do with concerns about its effect on the rate cap. If so, its focus is on the wrong issue. While preserving future revenue opportunities during rocky financial times is understandable, the Postal Service might be better off foregoing a relatively small amount of revenue today in the interest of improving the likelihood that substantial additional volume and revenues will be generated next year. Instead, it is implementing this desirable improvement in a way that will likely defer its true beneficial impact until 2013, a delay of a crucial year.



value of First-Class Mail. NPPC will continue to work with the Postal Service to identify improvements that would make the program more likely to succeed.

Respectfully submitted,

NATIONAL POSTAL POLICY COUNCIL

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